

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

MAGMA HOLDING, INC., a Nevada corporation; and META LAB, INC., a Nevada corporation,

Plaintiffs,

vs.

KA TAT “KARTER” AU-YEUNG, an individual,

Defendant.

AND ALL RELATED ACTIONS.

Case No.: 2:20-cv-00406-RFB-BNW

**ORDER APPOINTING KEVIN  
SINGER AS THE DISTRICT  
COURT RECEIVER OVER THE  
BUSINESSES OF MAGMA  
HOLDING, INC., META LAB,  
INC., AND EIGHTCIG**

The Plaintiff in this matter is Magma Holding, Inc. and Meta Lab, Inc. (collectively, “Plaintiffs”) and the Defendant is Ka Tat Karter (“Defendant”) (collectively, “the Parties”). This Court having issued an order on April 26, 2020, appointed Kevin Singer as the District Court Receiver over Magma Holdings, Inc., Meta Lab Inc., EightCig, and all other entities and assets owned by them. Now the Court wishes to issue the following supplemental Orders.

**SUPPLEMENTAL ORDERS APPOINTING RECEIVER**

**IT IS HEREBY ORDERED** that:

1. Kevin Singer (the “Receiver”) is appointed as Receiver to take sole and immediate possession, custody, and control of and operate solely as this Court’s agent pursuant to this Court’s Order over Magma Holdings, Inc., Meta Lab Inc., EightCig, and all other entities and assets owned by them (the “Business”). This shall include, but not be limited to, all bank accounts, credit card accounts, domains, e-commerce accounts, merchant accounts, social media accounts, trademarks, web-sites, inventory, personal

1 property, computers, tablets, “smart phones,” peripheral electronic storage devices,  
2 electronic storage “cloud” accounts, books and records, contracts, documents, assets,  
3 proceeds, and profits and income (the “Assets of the Business”).

4         2.       The Receiver has authority to control the Business and the Assets of the  
5 Business, whether held in the Business’ name or in the name of third parties on behalf of  
6 the Business, any and all federal and state tax returns, all accounting supporting work  
7 papers thereto, and all financial documents relating to the Business or Assets of the  
8 Business.

9         3.       The principal place of business for the Business is located at 3010 E  
10 Alexander Road, Las Vegas, Nevada 89115 (the “Business Premises”). The Receiver is  
11 authorized to make peaceable entry to said Business Premises, and other satellite or  
12 affiliated business sites to take possession and control of the Business and the Assets of  
13 the Business.

14         4.       The Receiver shall have the power to:

- 15             A.     Take possession, custody, and control of, and, exclusively and in  
16                     his sole authority, manage, control, and operate the Business and  
17                     the Assets of the Business;
- 18             B.     Collect all revenue, issues, profits, and income resulting from the  
19                     Business;
- 20             C.     Care for, preserve, operate, and maintain the Business and the  
21                     Assets of the Business;
- 22             D.     Hire and fire employees, managers or consultants;
- 23             E.     The Receiver may use any tax identification or social security  
24                     numbers previously used by the Business in connection with the  
25                     operation of the Business or obtain new numbers as necessary;
- 26             F.     Enter into contracts as the Receiver reasonably believes necessary  
27                     for the operation and maintenance of the Business;
- 28             G.     Institute and prosecute all suits as the Receiver may reasonably

1 believe to be necessary in connection with the operation of the  
2 Business without further order of this Court; defend all suits and  
3 actions as may be instituted against the Business or the Receiver  
4 without further order of this Court; and issue subpoenas, conduct  
5 and participate in discovery, take depositions, pursue contempt  
6 actions, and otherwise pursue all remedies available at law and  
7 equity to ensure compliance with the Receiver's authority granted  
8 herein, except that nothing herein shall empower the Receiver to  
9 control or otherwise participate in Plaintiffs' prosecution or  
10 defense of the above-entitled lawsuit or the related lawsuit  
11 currently pending in the District Court of Clark County, Nevada  
12 entitled Au-Yeung v. Gao et al. (Case No. A-20-810395-B) (the  
13 "State Court Lawsuit");"

14 H. Obtain and pay for any licenses or permits that the Receiver  
15 reasonably believes to be necessary for the operation of the  
16 Business;

17 I. Incur the expenses necessary for the care, preservation and  
18 maintenance the Business; and

19 J. Sign tax returns on the Business' behalf after consulting the  
20 Parties for their input.

21 5. The Receiver shall be authorized to take control of, communicate, and  
22 sign documents on behalf of the Business to protect, preserve, and operate the GoDaddy  
23 accounts including but not limited to the domain names of the EightCig and EightVape  
24 websites.

25 6. The Receiver shall be authorized to take control of, communicate, and  
26 sign documents on behalf of the Business to protect, preserve, operate, and redirect  
27 funds of the Shopify accounts, including, but not limited to, the eCommerce platform for  
28 the EightVape website.

1           7.       The Receiver shall be authorized to take control of, communicate, and  
2 sign documents on behalf of the Business to protect, preserve, operate, and redirect  
3 funds of the BigCommerce accounts, including, but not limited to, the eCommerce  
4 platform for the EightCig website.

5           8.       The Receiver shall be authorized to take control of, communicate, and  
6 sign documents on behalf of the Business to protect, preserve, and operate the Google G  
7 Suite account.

8           9.       The Receiver shall be authorized to take control of, communicate, and  
9 sign documents on behalf of the Business to protect, preserve, operate, and redirect  
10 funds of the BankCard USA accounts which is the Merchant Service Provider for the  
11 EightVape and EightCig websites.

12          10.      Within thirty (30) days after the issuance of this Receivership Order, the  
13 Receiver shall file an inventory of all of the property of which he has taken possession  
14 pursuant to this Order.

15          11.      The Receiver shall prepare and serve monthly statements (the  
16 “Receivership Reports”) reflecting the Receiver’s fees and administrative expenses,  
17 including fees and costs of accountants, attorneys, and other professionals (“Hired  
18 Professionals”) related to the pertinent period of operation and administration of the  
19 receivership estate. Upon service of each statement and no objections filed by the  
20 Parties, the Receiver may disburse from the Business funds to pay both the Receiver and  
21 the Hired Professional as presented in his monthly Receiver’s Reports. If a Party has  
22 specific objections to any of the monthly statements prepared by the Receiver or his  
23 Hired Professionals, a written objection, on a line items basis, must be delivered to the  
24 Receiver within ten (10) days of mailing of the Receiver’s Report by the Receiver or the  
25 objection is waived.

26          12.      The Receiver’s standard billing rates are: Receiver at \$275.00 per hour,  
27 Senior Project Managers at \$250.00 per hour, Accountants at \$150 to \$225 per hour, and  
28 Bookkeeping/Administrative Staff at \$85 per hour.

1           13. The Receiver may employ agents, employees, clerks, attorneys,  
2 accountants, and professionals to manage and administer the receivership estate,  
3 purchase materials, supplies, and services, and to pay for them at the ordinary and usual  
4 rates out of the funds which shall come into the Receiver's possession, and shall do all  
5 things and incur the risks and obligations ordinarily incurred by owners, managers,  
6 general partners, and operators of similar limited businesses. No such risk or obligations  
7 so incurred shall be the personal risks or obligations of the Receiver, but shall be the risk  
8 and obligation of the receivership estate.

9           14. The Receiver may interview and consult with third-party defendants  
10 Yuxiang Gao ("Michael") and Qian Xu ("Daniel"), Defendant, and/or former Magma  
11 employee Huihui "Sindy" Sun, and any other current or former employees, and, based  
12 on his professional business judgment, accept or reject their input concerning the  
13 Business. The Receiver is authorized to pay consultation fees as appropriate to any  
14 individual who assists the Receiver in the ongoing operations of the respective entities

15           15. The Receiver is empowered to take over existing bank accounts,  
16 removing Plaintiff and Defendant or any other person from the accounts, or establish  
17 new bank accounts for the deposit of monies and funds collected and received in  
18 connection with the receivership estate, at federally insured banking institutions or  
19 savings associations which are not parties to this case. Monies coming into the  
20 possession of the Receiver and not expended for any purposes herein authorized shall be  
21 held by the Receiver in federally insured interest-bearing accounts.

22           16. The Receiver shall take possession of the \$6,004,583.98 that was  
23 deposited by Defendant with the Court. Prior to spending such funds, he shall consult  
24 and advise the Parties in advance regarding the need to use said funds and what they will  
25 be spent on.

26           17. The Receiver will review disputed claims by the Parties that were  
27 included in the Court's April 26, 2020, Court Order and any other items the Receiver  
28 wants to bring to the Court's attention. The Receiver will present the findings to the

1 Court and the Parties in his monthly Receiver's Report filed with the Court and served  
2 on the Parties.

3 18. The Receiver and the Parties herein may at any time apply to this Court  
4 for instructions or orders regarding further powers of the Receiver that may be necessary  
5 to enable the Receiver to perform his duties.

6 19. The Receiver shall determine upon taking possession of the Business  
7 whether in the Receiver's judgment there is sufficient insurance coverage. With respect  
8 to any insurance coverage, the Receiver shall be named as an insured on the policies for  
9 the period that the Receiver shall be in possession of the Business. If sufficient  
10 insurance coverage does not exist, the Receiver shall immediately notify the Parties and  
11 will have thirty (30) calendar days to seek sufficient all risk and liability insurance for  
12 the Business; provided, however, that if the Receiver does not have sufficient funds to  
13 do so, the Receiver shall seek instructions from the Court with regard to whether  
14 insurance and what coverages shall be obtained and how it is to be paid. If consistent  
15 with existing law, the Receiver shall not be responsible for claims arising from the lack  
16 of procurement or inability to obtain insurance.

17 20. Discharge of the Receiver shall require a Court order after a properly  
18 noticed motion approving the Receiver's Final Report and Accounting.

19 21. The Receiver may engage a locksmith for the purpose of gaining entry to  
20 any property that is the subject of this receivership and through any security system, in  
21 order to obtain any property or documents to which the Receiver is entitled pursuant to  
22 this Order, as well as giving any notices which may be required in performing the  
23 Receiver's duties. The Receiver may have locks or security codes changed, or have  
24 keys created that will work for the existing locks. The Receiver shall determine who  
25 may or may not have a key and direct access to the Business Premises in his sole  
26 discretion.

27 22. The Parties, on receipt of this Order, shall provide the Receiver with all  
28 tax identification numbers utilized in connection with the operation of the Business. The

1 Receiver shall also be entitled to utilize the tax identification numbers during his  
2 operation of the Business.

3 23. The Receiver is authorized to instruct the United States Postmaster that  
4 the Receiver has exclusive right to possession and control of all mail addressed to the  
5 Business, including any post boxes leased or rented by the United States Postal Service  
6 (USPS); and the Receiver is authorized to direct the Postmaster to hold, redirect, or  
7 forward all mail of the Business, wherever addressed, to an address as designated by the  
8 Receiver.

9 24. All banks and financial institutions, including, but not limited to, Wells  
10 Fargo Bank and Chase Bank, that hold any account of the Business shall immediately  
11 turn over all funds in any such account to the Receiver or his designated representative  
12 upon request, and shall provide the Receiver with copies of bank records he requests  
13 regarding any such accounts.

14 25. The Parties shall serve the Receiver with all papers in this action and  
15 shall give notice to the Receiver about all proceedings.

16 26. The Parties shall jointly and severally defend and indemnify the Receiver  
17 and his employees against any claims or actions that result from his operation of the  
18 Business as this Court's Receiver except that the Receiver may not be indemnified  
19 against malfeasance as determined by this Court.

20 **IT IS FURTHER ORDERED** that the Parties and their respective agents,  
21 partners, contractors, employees, assignees, successors, attorneys, representatives, and  
22 all persons acting under or in concert with:

23 A. Shall upon Receiver's request, immediately relinquish and turn  
24 over possession of the Business;

25 B. Shall upon Receiver's request, turn over to the Receiver and  
26 direct all other third parties in possession thereof to turn over all  
27 keys, leases, books, records, books of account, ledgers, operating  
28 statements, budgets, bills, contracts, inventory and all other

1 business records relating to the Business, wherever located, and in  
2 whatever mode maintained, including information contained on  
3 computers and any and all software relating thereto as well as all  
4 banking records, statements, and cancelled checks. As used  
5 herein, the terms “books” and “records” mean the original or  
6 copies of the following documents, electronic data, software  
7 programs, current electronic access codes, usernames and  
8 passwords for the Business:

- 9 i. General ledgers;
- 10 ii. Accounts receivable subsidiary ledgers;
- 11 iii. Accounts payable subsidiary ledgers;
- 12 iv. Cash receipts journals;
- 13 v. Cash payment journals;
- 14 vi. General journals;
- 15 vii. Bank records, including but not limited to statements,  
16 canceled checks, wire transfers, account reconciliations,  
17 savings passbooks, checks, warrants, drafts, and all  
18 records pertaining to bank transactions;
- 19 viii. Statement of changes of financial position;
- 20 ix. Balance sheets;
- 21 x. Profit and Loss statements;
- 22 xi. Cash flow statements;
- 23 xii. Personal financial statements;
- 24 xiii. Sources and disposition of funds;
- 25 xiv. All other customarily used accounting records by  
26 whatever name or description that may be utilized by the  
27 Business;
- 28 xv. Evidence of indebtedness made or held by the Business;



xvi. All computer records, programs/software, and security access codes to all computer files and data related to the Business;

C. Shall immediately turnover to the Receiver all partnership agreements relating to the Business;

D. Shall immediately turn over to the Receiver all documents which pertain to all licenses, permits, or government actions or approvals relating to the Business and shall immediately advise the Receiver of any social security or taxpayer identification numbers used in connection with the operation of the Business;

E. Shall immediately advise the Receiver as to the insurance agent, the nature and extent of any insurance coverage for the Business, and deliver a copy of the insurance policies. The Parties shall immediately name the Receiver as an insured on the insurance policy(s) for the period that the Receiver shall be in possession of the Business. Parties and their agents and representatives are prohibited from canceling, reducing, or modifying any and all insurance coverage currently in existence with respect to Business; and

F. Shall cooperate with and reasonably assist the Receiver with respect to his operation of the Business, including, but not limited to, promptly responding to any inquiry by the Receiver for information.

27. The Parties are divested of any and all authority to declare bankruptcy on behalf of Business, and the Receiver shall hereafter be the only individual with the authority to declare bankruptcy on behalf of the Business.

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**TEMPORARY RESTRAINING ORDER**

**IT IS FURTHER ORDERED** that immediately and until such further Order of this Court, that the Parties and their agents, partners, property managers, employees, assignees, successors, attorneys, representatives, and all other persons acting in concert with them who have actual or constructive knowledge of this Order, and their agents and employees shall not:

- A. Commit or permit any waste of the Business, or suffer or commit or permit any act on the Business or any part thereof in violation of any law, or remove, transfer, encumber, or otherwise dispose of any of the property of the Business or any part thereof;
- B. Directly or indirectly interfere in any manner with the discharge of the Receiver's duties under this Order or the Receiver's possession of and operation or management of the Business;
- C. Expend, disburse, transfer, assign, sell, convey, devise, pledge, mortgage, create a security interest in, encumber, conceal, or in any manner whatsoever deal in or dispose of the whole or any part of the Business or any of the Assets of the Business, property or proceeds thereof without prior specific Order of this Court;
- D. Withhold the Assets of the Business, or books or records regarding its operation, or funds generated from its operation from the Receiver; or
- E. Do any act which will, or which will tend to impair, defeat, divert, prevent, or prejudice the preservation or operation of the Business or any of its property, profits, or proceeds.

**IT IS SO ORDERED.**

DATED: May 5, 2020



**RICHARD F. BOULWARE, II**  
**UNITED STATES DISTRICT JUDGE**